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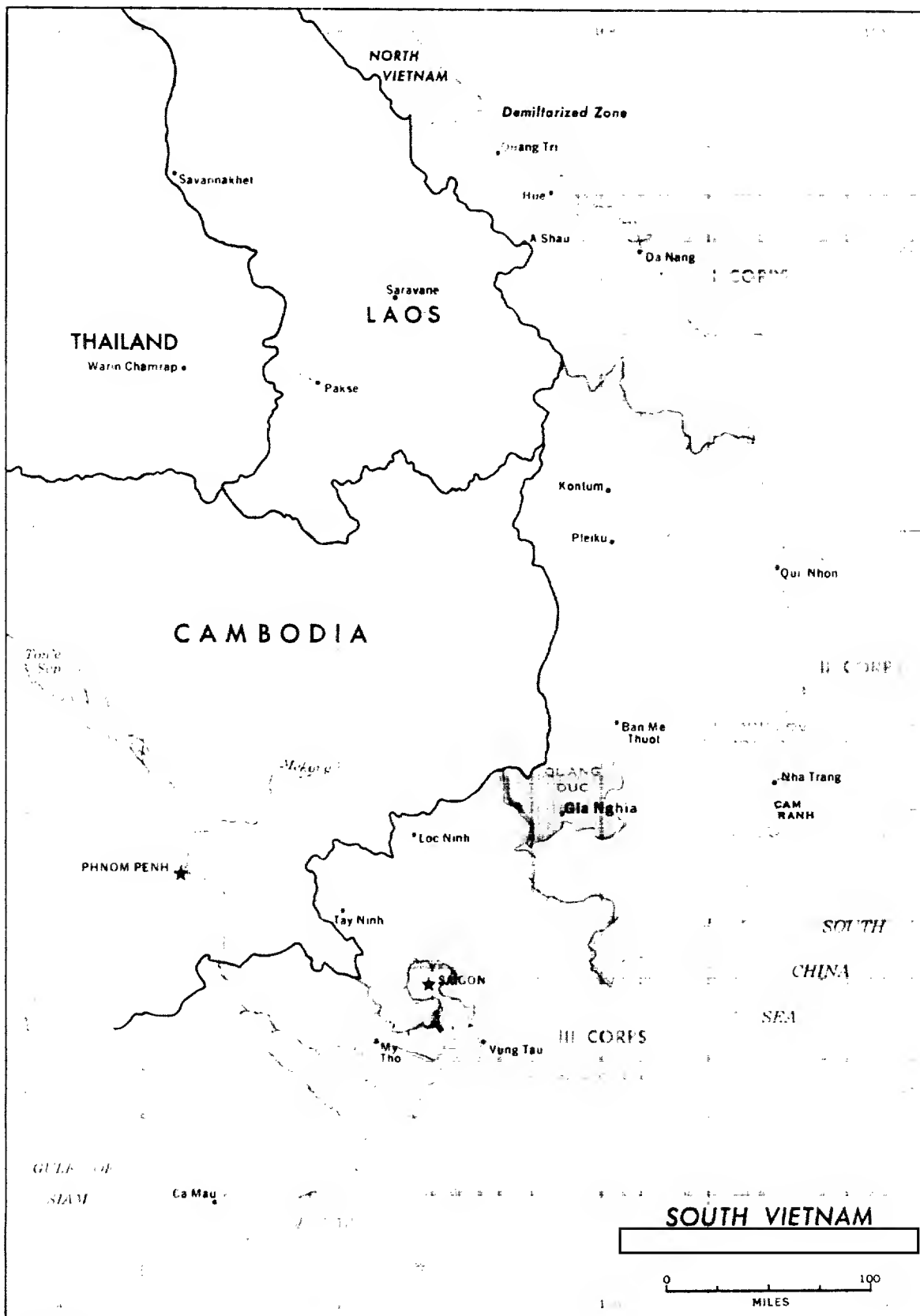
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[South Vietnam: The most successful operation against the Viet Cong infrastructure yet conducted by the government appears to be under way in Quang Duc Province.

The 99 persons, 70 civilian and 29 military, who have been arrested by the Vietnamese security services since 24 August reportedly include 17 provincial-level cadre, 24 members of the Gia Nghia city committee, and at least 15 district, village, and hamlet cadre. As a group, these appear to be the highest ranking and most important members of the infrastructure thus far neutralized in a single operation. Their capture should be a significant loss to the Communists' provincial apparatus.

Quang Duc, with fewer than 32,000 people, is the least populated and probably the most isolated province in the country. At least two thirds of Quang Duc's inhabitants are montagnards, its economy is largely self-contained, and national politics have traditionally had no impact on the province.

In the other highland provinces, where much the same situation prevails, the Communists usually have a simple infrastructure in which military and political roles are often carried out by relatively few persons. Although many of those thus far arrested in Quang Duc held several positions in the infrastructure, the over-all Communist organization appears to be fairly extensive.

* * * *

Local officials in IV Corps apparently do not believe that the formation of Communist "liberation committees" throughout much of the delta is particularly significant and do not see any necessity for countering the Communists' efforts.

Some officials in Vinh Long Province either profess to have no knowledge of the Communists']

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[objectives in forming the committees, or see them merely in terms of their immediate functions, such as tax-collecting, population-control bodies. Those who do recognize that the committees could constitute a formal governmental structure which could at some future time claim jurisdiction over large areas discount any possibility that the Communists will be successful. The people, the officials believe, would reject the Communist system.

These attitudes are apparently typical also of other areas of IV Corps, where local officials generally tend to downgrade the impact and potential effectiveness of the committees, seeing in them no more of a threat than any past Communist administrative organizations have posed. These officials appear to think of the war solely in terms of a military struggle in which the Communists will eventually be defeated.

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[Czechoslovakia-USSR: The Czechoslovak National Assembly's ratification yesterday of the status-of-forces agreement with the Soviets was reached in a stormy session punctuated by speeches and resolutions opposing the treaty.

Premier Cernik presented an elaborate rationalization for the treaty. He asked for approval of it in the interests of Communism and of Czechoslovakia, and emphasized that it was necessary to strengthen ties with the Warsaw Pact. Cernik said that the treaty specified that the majority of Soviet troops and all of the other Warsaw Pact forces will leave the country in stages within two months after ratification by both sides. Moscow Radio yesterday reported that the presidium of the Soviet parliament met and approved the treaty, which theoretically means that the bulk of the occupation forces will be out of Czechoslovakia by mid-December.

As described by Cernik, the agreement appears similar to treaties that the Soviets have with Poland and Hungary. The forces remaining in Czechoslovakia will be billeted in military areas and "will not interfere" in internal Czechoslovak affairs. "Representatives" of the Soviet forces, however, will remain in Prague and Bratislava, probably in a liaison capacity.

According to Cernik, the treaty "respects" Czechoslovak sovereignty and guarantees the security and living standards of the population. The agreement also spells out the legal provisions affecting both the Czechoslovak population and the Soviet troops, and provides that the Soviets will pay for all goods and services--primarily through the delivery of Soviet products to Czechoslovakia.

Cernik's description of the agreement is similar to the text issued by the Soviet news agency TASS last night. Many of the specific articles in the]

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[TASS version, however, appear to lend themselves to various interpretations, and some of them will require additional negotiations between Prague and Moscow.

There is also speculation in Prague that the Czechoslovaks and Soviets have made other agreements which were not mentioned in the TASS version. According to these rumors, approximately 70,000 Soviet troops will remain in the country, stationed primarily in northern Bohemia and near the major cities of Prague, Bratislava, and Brno. The Czechoslovak Army allegedly will be reduced in exchange for improved technical equipment, and the Soviets have presumably agreed to remove their secret police and military intelligence units when the bulk of regular forces depart. In addition, the Soviets are said to have agreed to pay Prague nearly \$2 million for occupation damages to date.

The Soviets, however, are also rumored to have imposed additional controls on Czechoslovak political life. They are prohibiting mass public celebrations on the 50th anniversary of the First Republic on 28 October, while forcing Dubcek and his colleagues to allow pro-Soviet conservatives to meet openly in preparation for an anniversary "celebration" of the October Revolution on 7 November.

Moscow is also said to be insisting that the Czechoslovak party central committee postpone its meeting until after 27 October. The Soviets are probably hoping that the dissension among top Czechoslovak leaders over the treaty will intensify while conservative elements, who are being encouraged by the Russians, have additional time to strengthen their position.

Soviet forces have apparently begun to withdraw from Czechoslovakia. A Western attaché reported on 18 October that some Soviet troops in western Czechoslovakia were moving toward Poland, possibly on the]

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[redacted] way back to the USSR. [redacted]

[redacted] a large Soviet convoy moved from southern East Germany to the Berlin area during the morning of 18 October.

Other reports on 17 and 18 October indicated that there was heavy Soviet and East German military traffic on the autobahn south of Berlin. These reports suggest that East German forces deployed in areas of southern East Germany near the Czechoslovak border may be returning to garrison. [redacted]

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France: Various groups within the French Communist Party are taking issue with their politburo's attitudes toward the Soviet intervention in Czechoslovakia.

The secretary general of the party, Waldeck Rochet, is under pressure from both the Soviet Union and pro-Soviet French Communists to modify the party's official position on the Czechoslovak crisis. Some observers estimate that over 30 percent of the rank and file strongly disapprove of the politburo's denunciation last August of Soviet actions. According to a high French Ministry of Interior official, the Soviet Embassy has been unusually active in encouraging these dissidents, among whom are one or two members of the politburo.

Rochet is also under attack from a group of party intellectuals, headed by politburo member Roger Garaudy, and supported by many young Communists who consider the party's policy on Czechoslovakia too mild. They are calling for a thoroughgoing "liberalization" which would include an open split with Moscow. A small number of these "liberals" have resigned in protest.

The French party's central committee will meet on 20 and 21 October, probably to deal with the turmoil in the party over the Czechoslovak affair. With the solid backing of all but two or three members of the politburo, Rochet will probably be able to resist demands for change from both sides. He apparently wants to avoid any pro-Soviet statement which would do further damage to the party's domestic political position. At the same time he is opposed to any action which would lead to an open rupture with the Soviets. He is probably hoping that "normalization" of Soviet-Czech relations will decrease tension within the party.

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USSR: Unfavorable weather and transport problems last month have dimmed prospects for a grain crop as large as in 1967.

In mid-August, estimates indicated that total grain production in 1968 would be slightly above both last year's relatively favorable harvest--122 million tons--and the average for the years 1964-66--120 million tons.

Frequent rains and some snow and frost, however, have hampered late season harvesting in some areas--mainly the new land areas of Kazakhstan and West Siberia. In addition, a shortage of trucks reportedly has delayed moving the grain from fields to elevators.

In past years, the Soviets have avoided transport bottlenecks by temporarily requisitioning military vehicles to augment the truck inventory of the agricultural enterprises. This year, however, the partial mobilization of the armed forces during the Czechoslovak crisis led the army to requisition a large number of trucks from the agricultural sector.

The truck shortage, together with the inclement weather, probably caused not only above average losses of grain but some reduction in the quality of the grain harvested.

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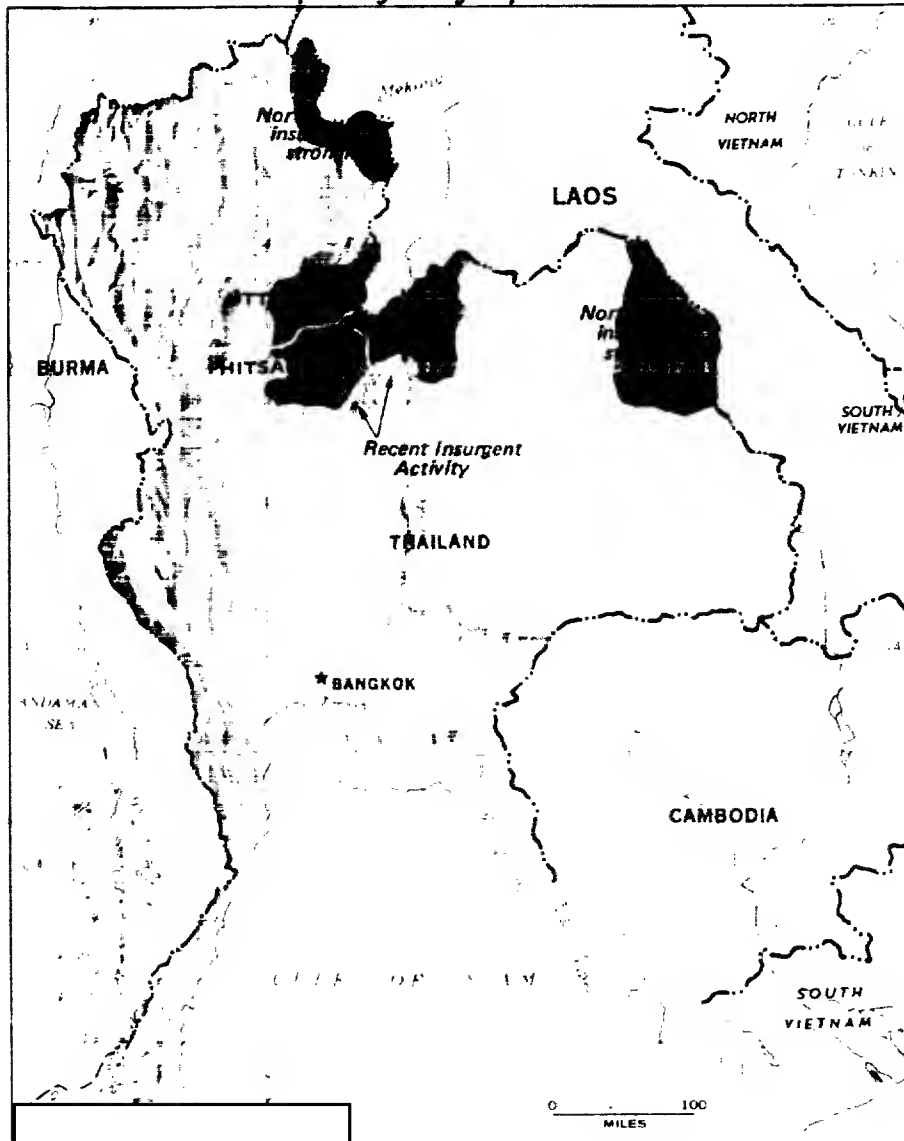
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Thai Communists Seen Expanding Insurgency in North



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Thailand: Communist insurgents may be expanding their operations into new areas in north-central Thailand.

Widely separated incidents have occurred during the past month in the heretofore quiet provinces of Loei, Phitsanulok, and Uttaradit. [REDACTED]

[REDACTED] the Communists view this area, which links the insurgent strongholds in the north and northeast, as especially important in their over-all strategy. There have been numerous reports that Communists are recruiting in the villages, but this is the first indication of active armed insurgency in the area.

The new activity in the north-central area may be aided by personnel normally engaged in the northeast, where armed insurgency remains at a low level. The Communists in the northeast are known to have contributed some assets to the insurgent campaign in the north earlier this year and, judging from their tactical successes there, may well have decided to provide some personnel to recruit and proselytize in the north-central area.

The bulk of insurgent forces remains in the northeast, however. [REDACTED]
(Map)

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Indonesia-Singapore: Indonesian authorities are trying to avert further extreme public reactions to Singapore's recent execution of two Indonesian marines.

Yesterday's emotional, highly publicized funeral in Djakarta, however, has increased the immediate danger of violence.

[REDACTED] 25X1
the cabinet has directed the trade minister to study possible economic sanctions against Singapore. Shipments to Singapore, which have substantially benefited its economy, have been halted for the time being. The Indonesian Embassy in Singapore may be reduced to a consulate general.

Although the Djakarta authorities expect to keep approved demonstrations within reasonable bounds, spontaneous demonstrations--some accompanied by violence--have already occurred.

Some officials are concerned that hotheaded actions could be mounted against Singapore from nearby islands occupied by the Indonesian Navy, over which Djakarta has little control.

Singapore officials privately have expressed confidence in their ability to maintain internal order and to cope with Indonesian reprisals. They say that the decision to proceed with the execution was dictated primarily by a desire to avoid "knuckling under to a large neighbor." They also believe that it is better to stand up to Indonesia now, while British and US forces are still in the area. [REDACTED] 25X1

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Haiti: A reorganization of militia forces in northern Haiti probably reflects President Duvalier's uneasiness about his ability to cope with future invasion attempts.

Some militia units have been disarmed and new leaders installed. Duvalier evidently was dissatisfied with the militia's ineptness during the invasion last May, when there were reports of disorganization and instances of cowardice.

His action may also be related to the nationwide military alert instituted on 12 September, which is still in effect. The government claims to have reliable information that an exile force is en route to Venezuela to train for an invasion of Haiti through the Dominican Republic. [REDACTED]

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Rumania - Latin America: Rumania, in its search for new markets and widened political contacts, has intensified its efforts in Latin America.

Bucharest's foreign minister, Corneliu Manescu, is making an official tour to several of the more important Latin American countries, including Mexico, Brazil, and Argentina, in an effort to strengthen bilateral relations. His visit follows that of a Rumanian economic delegation to a number of Latin American countries.

That delegation, headed by Deputy Premier Radulescu, concluded several economic agreements with countries whose commercial exchanges with Rumania have been negligible. Rumania probably hopes these will eventually lead to new markets for its chemical, petroleum, and agricultural equipment.

An agreement signed in Bogota calls for a goal of \$10 million in trade over the next two years. Agreement also was reached on the establishment of permanent trade missions in both Colombia and Mexico. Agreements establishing joint commissions to seek ways to expand trade were signed with Colombia, Chile, and Venezuela.

The Rumanian economic delegation apparently made no further progress toward implementing the "agreement of intention" signed in Caracas in May with the government-owned Venezuelan Petroleum Company. This agreement calls for the exchange over a ten-year period of 11 million tons of Venezuelan crude oil for \$125 million worth of Rumanian goods and services.



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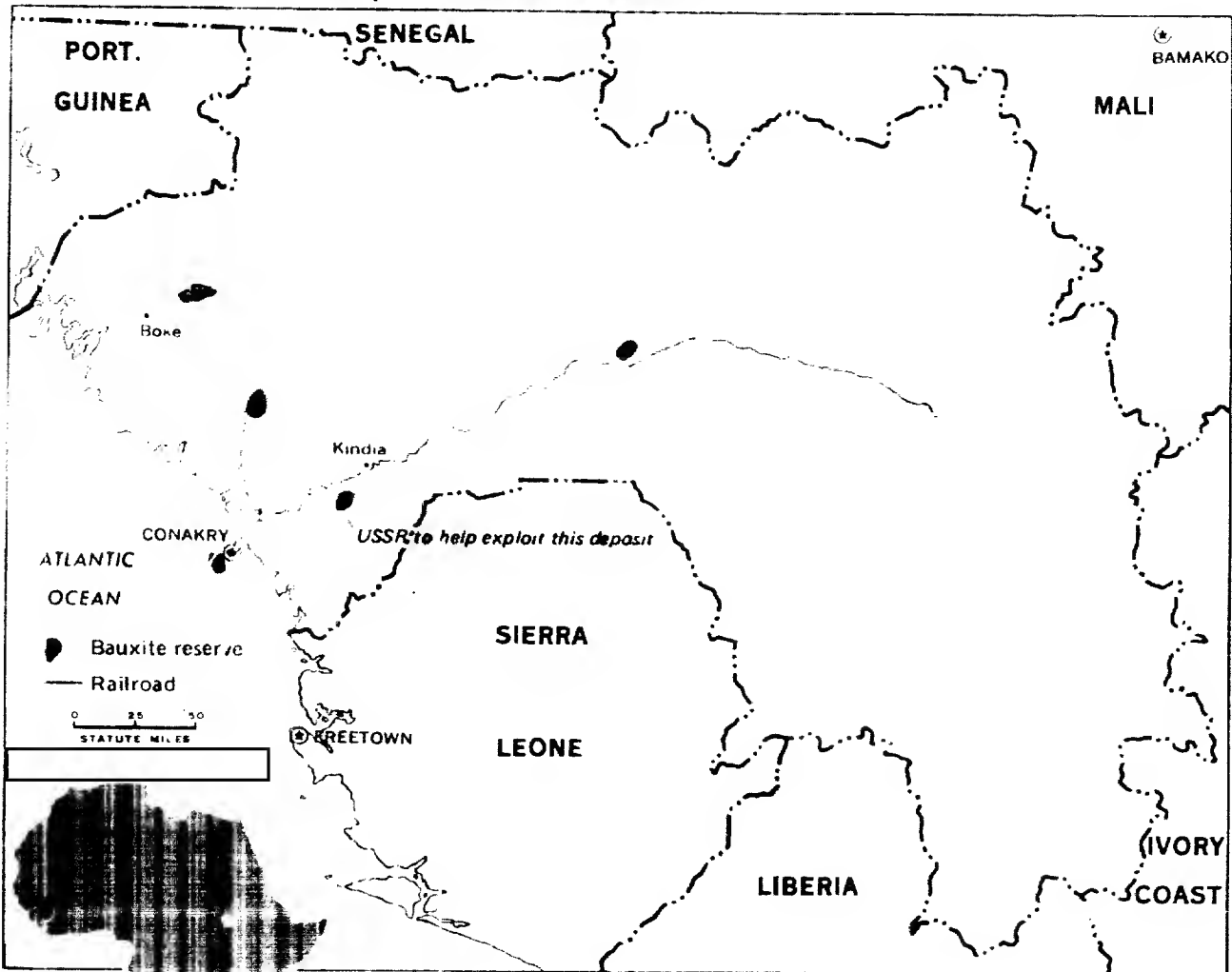
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Soviets to Help Guinea Exploit Bauxite Reserves



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Guinea-USSR: Negotiations are in an advanced stage on an agreement for Soviet assistance in exploiting bauxite reserves in southwest Guinea.

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[redacted] agreement has been reached in principle for the Soviets to provide the technicians and equipment necessary to mine bauxite deposits near the town of Kindia. Conakry officials claim that the project could result in an annual export to the Soviet Union of two million metric tons of bauxite by 1971 or 1972. A Soviet delegation is scheduled to arrive in Conakry in November for final negotiations.

Guinea apparently views the proposed project as a means of repaying its debts to the USSR and other East European Communist countries. The first million tons of bauxite mined each year would be applied against Guinea's current debt of slightly over \$70 million to the Soviets. The second million tons would cover the costs incurred by the Soviets in constructing and operating the mining facilities at Kindia. Production in excess of two million tons would be used to pay debt obligations to other Communist countries.

The Guineans expect that construction will begin in 1969 and hope that exports of bauxite can commence in 1971. They anticipate that the Soviets will agree to consolidate and reschedule Guinea's debt to allow a moratorium on payments until 1971.

The Soviets have been interested in Guinean bauxite for some time. They once discussed with the Guineans the possibility of acquiring bauxite from extensive high-grade deposits in the Boke region, now to be developed by a consortium of Western companies. Moscow probably hopes not only to facilitate Guinea's payment of its debts but also to increase Soviet presence and influence. Conakry is currently following a more moderate course than previously in its relations with the West.

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Italy - Congo (Kinshasa): Italy reportedly is reviewing its air training program in the Congo (Kinshasa).

An Italian Foreign Ministry official has told the US Embassy in Rome that the program, now four years old, is being reviewed with an eye toward recasting it after 1969. Meanwhile, the Italian training mission director in the Congo has stated that his government has already decided to curtail the program. He said that a small advisory group--perhaps ten men--might remain in the Congo but that renegotiation of the agreement along present lines was out of the question.

Italy's decision, if it has not already been made, will be influenced by its long-standing desire to cooperate with US efforts to bolster an independent Congo and by its commercial hopes in the Congo. The Italians failed in their efforts to sell jet trainers to Kinshasa, however, and Rome is unhappy about Congolese reliance on other powers for the development of the air force.

The Congolese have come a long way toward self-sufficiency in training and will have more than 50 pilots and six qualified flight instructors by the end of next year.

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Tanzania - Communist China: A Tanzanian mission is expected to visit Communist China in November in connection with carrying out the agreement under which Peking will build the TanZam railroad. The team reportedly will arrange for importing Chinese commodities worth about \$60 million under credits extended by Peking. Proceeds from the sale of these commodities are to pay for some of the local costs of the project. [REDACTED]

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Sikkim-India: Floods and landslides have cut off Sikkim from India, its principal source of food. Supplies are said to be adequate for only two weeks. Floods have also seriously damaged the northern area of West Bengal, where special state elections scheduled for November have had to be postponed until next February. [REDACTED]

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